

**ASSEMBLY, No. 3433**

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**STATE OF NEW JERSEY**

**218th LEGISLATURE**

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INTRODUCED MARCH 5, 2018

**Sponsored by:**

**Assemblywoman AMY H. HANDLIN**

**District 13 (Monmouth)**

**Assemblyman ANTHONY M. BUCCO**

**District 25 (Morris and Somerset)**

**SYNOPSIS**

Amends “New Jersey Transportation Trust Fund Authority Act.”

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/23/2018)**

1 AN ACT concerning the New Jersey Transportation Trust Fund  
2 Authority, and amending P.L.1984, c.73 and P.L.1987, c.460.

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. Section 9 of P.L.1984, c.73 (C.27:1B-9) is amended to read  
8 as follows:

9 9. a. The authority shall have the power and is hereby  
10 authorized after November 15, 1984 and from time to time  
11 thereafter to issue its bonds, notes or other obligations in principal  
12 amounts as in the opinion of the authority shall be necessary to  
13 provide for any of its corporate purposes, including the payment,  
14 funding or refunding of the principal of, or interest or redemption  
15 premiums on, any bonds, notes or other obligations issued by it,  
16 whether the bonds, notes, obligations or interest to be funded or  
17 refunded have or have not become due; and to provide for the  
18 security thereof and for the establishment or increase of reserves to  
19 secure or to pay the bonds, notes or other obligations or interest  
20 thereon and all other reserves and all costs or expenses of the  
21 authority incident to and necessary or convenient to carry out its  
22 corporate purposes and powers; and in addition to its bonds, notes  
23 and other obligations, the authority shall have the power to issue  
24 subordinated indebtedness, which shall be subordinate in lien to the  
25 lien of any or all of its bonds or notes. No resolution or other action  
26 of the authority providing for the issuance of bonds, refunding  
27 bonds, notes, or other obligations shall be adopted or otherwise  
28 made effective by the authority without the prior approval in  
29 writing of the Governor and the State Treasurer.

30 b. Except as may be otherwise expressly provided in the act or  
31 by the authority:

32 (1) Every issue of bonds or notes shall be general obligations  
33 payable out of any revenues or funds of the authority, subject only  
34 to any agreements with the holders of particular bonds or notes  
35 pledging any particular revenues or funds. The authority may  
36 provide the security and payment provisions for its bonds or notes  
37 as it may determine, including (without limiting the generality of  
38 the foregoing) bonds or notes as to which the principal and interest  
39 are payable from and secured by all or any portion of the revenues  
40 of and payments to the authority, and other moneys or funds as the  
41 authority shall determine, provided that for transportation program  
42 bonds or notes issued in anticipation of such transportation program  
43 bonds, only revenues dedicated pursuant to the New Jersey  
44 Constitution, including Article VIII, Section II, paragraph 4, and  
45 deposited into the "Transportation Trust Fund Account -  
46 Subaccount for Debt Service for Transportation Program Bonds,"  
47 may be used for such payment;

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1       (2) In addition, the authority may issue notes, in anticipation of  
2 the issuance of the bonds, provided that the issuance of such notes  
3 shall be subject to the bonding limitations as provided in subsection  
4 i. of this section, and the payment of such notes if issued in  
5 anticipation of the issuance of transportation program bonds shall  
6 be paid solely from revenues dedicated pursuant to the New Jersey  
7 Constitution, including Article VIII, Section II, paragraph 4, and  
8 deposited into the "Transportation Trust Fund Account -  
9 Subaccount for Debt Service for Transportation Program Bonds."  
10 The authority may also issue notes in anticipation of the receipt of  
11 appropriations, grants, reimbursements or other funds, including  
12 without limitation grants from the federal government for federal  
13 aid highways or public transportation systems, the principal of or  
14 interest on which, or both, shall be payable out of the proceeds of  
15 appropriations, grants, reimbursements or other funds, including  
16 without limitation grants from the federal government for federal  
17 aid highways or public transportation systems. Such notes shall not  
18 be subject to the bonding limitations as provided in subsection i. of  
19 this section; and

20       (3) The authority may also enter into bank loan agreements,  
21 lines of credit and other security agreements as authorized pursuant  
22 to subsection h. of section 6 of P.L.1984, c.73 (C.27:1B-6) and  
23 obtain for or on its behalf letters of credit in each case for the  
24 purpose of securing its bonds, notes or other obligations or to  
25 provide direct payment of any costs which the authority is  
26 authorized to pay by this act and to secure repayment of any  
27 borrowings under the loan agreement, line of credit, letter of credit  
28 or other security agreement by its bonds, notes or other obligations  
29 or the proceeds thereof or by any or all of the revenues of and  
30 payments to the authority or by any appropriation, grant or  
31 reimbursement to be received by the authority and other moneys or  
32 funds as the authority shall determine, provided that for any such  
33 agreements entered into in connection with transportation program  
34 bonds issued pursuant to the authorization contained in subsection i.  
35 of this section, or notes issued in anticipation of such transportation  
36 program bonds, only revenues dedicated pursuant to the New Jersey  
37 Constitution, including Article VIII, Section II, paragraph 4, and  
38 deposited into the "Transportation Trust Fund Account -  
39 Subaccount for Debt Service for Transportation Program Bonds,"  
40 may be used for such payment.

41       c. Whether or not the bonds and notes are of the form and  
42 character as to be negotiable instruments under the terms of Title  
43 12A, Commercial Transactions, New Jersey Statutes, the bonds and  
44 notes are hereby made negotiable instruments within the meaning of  
45 and for all the purposes of Title 12A of the New Jersey Statutes.

46       d. Bonds or notes of the authority shall be authorized by a  
47 resolution or resolutions of the authority and may be issued in one  
48 or more series and shall bear the date, or dates, mature at the time

1 or times, bear interest at the rate or rates of interest per annum, be  
2 in the denomination or denominations, be in the form, carry the  
3 conversion or registration privileges, have the rank or priority, be  
4 executed in the manner, be payable from the sources, in the medium  
5 of payment, at the place or places within or without the State, and  
6 be subject to the terms of redemption (with or without premium) as  
7 the resolution or resolutions may provide. Bonds or notes may be  
8 further secured by a trust indenture between the authority and a  
9 corporate trustee within or without the State. All other obligations  
10 of the authority shall be authorized by resolution containing terms  
11 and conditions as the authority shall determine.

12 e. Bonds, notes or other obligations of the authority may be  
13 sold at public or private sale at a price or prices and in a manner as  
14 the authority shall determine, either on a negotiated or on a  
15 competitive basis. Every bond, or refunding bond, issued on or  
16 after the effective date of P.L.2006, c.3 (C.27:1B-22.2 et al.) but  
17 prior to the effective date of P.L. , c. (pending before the  
18 Legislature as this bill) shall mature and be paid no later than 31  
19 years from the date of the issuance of that bond or refunding bond.  
20 Every bond, or refunding bond, issued on or after the effective date  
21 of P.L. , c. (C. ) (pending before the Legislature as this bill)  
22 shall mature and be paid not later than the expected useful life of a  
23 capital project funded through revenues generated by the issuance  
24 of that bond or refunding bond, or 31 years from the date of the  
25 issuance of that bond or refunding bond, whichever is earlier.

26 f. Bonds or notes may be issued and other obligations incurred  
27 under the provisions of the act without obtaining the consent of any  
28 department, division, commission, board, bureau or agency of the  
29 State, other than the approval as required by subsection a. of this  
30 section, and without any other proceedings or the happening of any  
31 other conditions or other things than those proceedings, conditions  
32 or things which are specifically required by the act.

33 g. Bonds, notes and other obligations of the authority issued or  
34 incurred under the provisions of the act shall not be in any way a  
35 debt or liability of the State or of any political subdivision thereof  
36 other than the authority and shall not create or constitute any  
37 indebtedness, liability or obligation of the State or of any political  
38 subdivision or be or constitute a pledge of the faith and credit of the  
39 State or of any political subdivision, but all bonds, notes and  
40 obligations, unless funded or refunded by bonds, notes or other  
41 obligations of the authority, shall be payable solely from revenues  
42 or funds pledged or available for their payment as authorized in the  
43 act. Each bond, note or other obligation shall contain on its face a  
44 statement to the effect that the authority is obligated to pay the  
45 principal thereof or the interest thereon only from revenues or funds  
46 of the authority, and for transportation program bonds and  
47 agreements securing such transportation program bonds only from  
48 revenues dedicated pursuant to the New Jersey Constitution,

1 including Article VIII, Section II, paragraph 4, and deposited into  
2 the "Transportation Trust Fund Account - Subaccount for Debt  
3 Service for Transportation Program Bonds," and that neither the  
4 State nor any political subdivision thereof is obligated to pay the  
5 principal or interest and that neither the faith and credit nor the  
6 taxing power of the State or any political subdivision thereof is  
7 pledged to the payment of the principal of or the interest on the  
8 bonds, notes or other obligations. For the purposes of this  
9 subsection, political subdivision does not include the authority.

10 h. All expenses incurred in carrying out the provisions of the  
11 act shall be payable solely from the revenues or funds provided or  
12 to be provided under or pursuant to the provisions of the act and  
13 nothing in the act shall be construed to authorize the authority to  
14 incur any indebtedness or liability on behalf of or payable by the  
15 State or any political subdivision thereof.

16 i. Commencing with the fiscal year beginning July 1, 1995 and  
17 ending within the fiscal year beginning July 1, 2005, the authority  
18 shall not incur debt in any fiscal year in excess of \$650,000,000,  
19 except that if that permitted amount of debt, or any portion thereof,  
20 is not incurred in a fiscal year it may be incurred in a subsequent  
21 fiscal year. Commencing with the fiscal year beginning July 1,  
22 2006 and ending with the fiscal year beginning on July 1, 2010, the  
23 authority shall not incur debt for any fiscal year in excess of  
24 \$1,600,000,000, reduced in each of those fiscal years by the amount  
25 by which the appropriation of State funds to the Transportation  
26 Trust Fund Account for that fiscal year shall exceed \$895,000,000;  
27 provided, however, that if a portion of that permitted amount of  
28 debt, less any reduction as provided above, is not incurred in a  
29 fiscal year, an amount not greater than the unused portion may be  
30 incurred in a subsequent fiscal year in addition to the amount  
31 otherwise permitted. Debt permitted for the fiscal year beginning  
32 July 1, 2006 may be incurred prior to July 1, 2006. The authority  
33 shall not issue transportation program bonds in excess of  
34 \$1,247,000,000 for the fiscal year beginning July 1, 2012, in excess  
35 of \$849,200,000 for the fiscal year beginning July 1, 2013, in  
36 excess of \$735,300,000 for the fiscal year beginning July 1, 2014,  
37 and in excess of \$626,800,000 for the fiscal year beginning July 1,  
38 2015, except that (1) if that permitted amount of transportation  
39 program bonds, or any portion thereof, is not incurred in a fiscal  
40 year, it may be issued in a subsequent fiscal year and (2) 30 percent  
41 of the permitted amount of transportation program bonds for a fiscal  
42 year may be issued in the fiscal year preceding such fiscal year  
43 provided that (a) any transportation program bonds issued pursuant  
44 to this paragraph shall be deducted from the authorization for the  
45 fiscal year from which it was taken, and (b) the proceeds of any  
46 such transportation program bonds shall not be encumbered until  
47 the fiscal year from which the deduction of the authorization was  
48 taken pursuant to this paragraph. Transportation program bonds

1 authorized to be issued for the fiscal year beginning July 1, 2012  
2 may be issued prior to July 1, 2012. Commencing on the day that  
3 Assembly Concurrent Resolution No. 1 of 2015, a constitutional  
4 amendment to Article VIII, Section II, paragraph 4 of the New  
5 Jersey Constitution, takes effect, and ending June 30, 2024, the  
6 authority shall not issue transportation program bonds in excess of  
7 \$12,000,000,000. Any increase in this limitation shall only occur if  
8 so provided for by law. In computing the foregoing limitation as to  
9 the amount of bonds the authority may issue, the authority may  
10 exclude any bonds, notes or other obligations, including  
11 subordinated obligations of the authority, issued for refunding  
12 purposes; except that, any premiums received in connection with  
13 the issuance of transportation program bonds shall count against  
14 any limitation as to the amount of transportation program bonds the  
15 authority may issue. The payment of debt service on transportation  
16 program bonds and any agreements issued in connection with such  
17 transportation program bonds shall be paid solely from revenues  
18 dedicated pursuant to the New Jersey Constitution, including  
19 Article VIII, Section II, paragraph 4, and deposited into the  
20 "Transportation Trust Fund Account - Subaccount for Debt Service  
21 for Transportation Program Bonds."

22 j. Upon the decision by the authority to issue refunding bonds  
23 pursuant to this section, and prior to the sale of those bonds, the  
24 authority shall transmit to the Joint Budget Oversight Committee, or  
25 its successor, a report that a decision has been made, reciting the  
26 basis on which the decision was made, including an estimate of the  
27 debt service savings to be achieved and the calculations upon which  
28 the authority relied when making the decision to issue refunding  
29 bonds. The report shall also disclose the intent of the authority to  
30 issue and sell the refunding bonds at public or private sale and the  
31 reasons therefor.

32 k. The Joint Budget Oversight Committee, or its successor,  
33 shall have authority to approve or disapprove the sale of refunding  
34 bonds as included in each report submitted in accordance with  
35 subsection j. of this section. The committee shall approve or  
36 disapprove the sale of refunding bonds within 10 business days  
37 after physical receipt of the report. The committee shall notify the  
38 authority in writing of the approval or disapproval as expeditiously  
39 as possible.

40 l. No refunding bonds shall be issued unless the report has  
41 been submitted to and approved by the Joint Budget Oversight  
42 Committee, or its successor, as set forth in subsection k. of this  
43 section.

44 m. Within 30 days after the sale of the refunding bonds, the  
45 authority shall notify the Joint Budget Oversight Committee, or its  
46 successor, of the result of that sale, including the prices and terms,  
47 conditions and regulations concerning the refunding bonds, and the

1 actual amount of debt service savings to be realized as a result of  
2 the sale of refunding bonds.

3 n. The Joint Budget Oversight Committee, or its successor,  
4 shall, however, review all information and reports submitted in  
5 accordance with this section and may, on its own initiative, make  
6 observations and recommendations to the authority or to the  
7 Legislature, or both, as it deems appropriate.

8 o. No refunding bonds shall be issued unless the authority shall  
9 first determine that the present value of the aggregate principal of  
10 and interest on the refunding bonds is less than the present value of  
11 the aggregate principal of and interest on the outstanding bonds to  
12 be refinanced, except that, for the purposes of this limitation,  
13 present value shall be computed using a discount rate equal to the  
14 yield of those refunding bonds, and yield shall be computed using  
15 an actuarial method based upon a 360-day year with semiannual  
16 compounding and upon the prices paid to the authority by the initial  
17 purchasers of those refunding bonds. The net amount of any  
18 reduction in the amount of principal and interest due on authority  
19 debt resulting from the issuance of a refunding bond shall be  
20 accompanied by an equivalent increase in appropriations for the  
21 retirement of existing authority debt.

22 (cf: P.L.2016, c.56, s.2)

23

24 2. Section 8 of P.L.1987, c.460 (C.27:1B-21.1) is amended to  
25 read as follows:

26 8. a. Commencing with the reports of the commissioner,  
27 which shall include the Transportation Master Plan, Statewide  
28 Capital Investment Strategy, Annual Transportation Capital  
29 Program, Transportation Trust Fund Authority Financial Plan, and  
30 Five-Year Capital Plan, as may be amended, required to be  
31 submitted pursuant to section 22 of P.L.1984, c.73 (C.27:1B-22) on  
32 or before March 1, 2006 and on each succeeding March 1 thereafter  
33 through March 1, 2015, the annual amount so reported by the  
34 commissioner for proposed projects shall not exceed  
35 \$1,600,000,000 exclusive of federal funds, and beginning with the  
36 reports due March 1, 2016, and on each succeeding March 1  
37 thereafter through March 1, 2023, the amount so reported by the  
38 commissioner for proposed projects shall not exceed an aggregate  
39 \$16,000,000,000 over that eight year period.

40 b. For the fiscal year beginning on July 1, 2006 and for each  
41 fiscal year thereafter through the fiscal year beginning on July 1,  
42 2011, the total annual amount authorized to be appropriated from  
43 the revenues and other nonfederal funds of the New Jersey  
44 Transportation Trust Fund Authority for the projects listed in the  
45 appropriations act pursuant to section 21 of P.L.1984,  
46 c.73 (C.27:1B-21) shall not exceed \$1,600,000,000, all amounts  
47 exclusive of federal funds. The total amount authorized to be  
48 appropriated from the revenues and other nonfederal funds of the

1 New Jersey Transportation Trust Fund Authority for the projects  
2 listed in the appropriations act pursuant to section 21 of P.L.1984,  
3 c.73 (C.27:1B-21) shall not exceed: \$1,247,000,000 for the fiscal  
4 year beginning on July 1, 2012; \$1,224,000,000 for the fiscal year  
5 beginning on July 1, 2013; \$1,225,000,000 for the fiscal year  
6 beginning on July 1, 2014; and \$1,247,000,000 for the fiscal year  
7 beginning on July 1, 2015. The total amount authorized to be  
8 appropriated from the revenues and other nonfederal funds of the  
9 New Jersey Transportation Trust Fund Authority for the projects  
10 listed in the appropriations act pursuant to section 21 of P.L.1984,  
11 c.73 (C.27:1B-21) shall not exceed an aggregate \$16,000,000,000 in  
12 total for the fiscal years beginning on July 1, 2016 through the  
13 fiscal year beginning on July 1, 2023.

14 c. (Deleted by amendment, P.L.1991, c.40[.])

15 d. (Deleted by amendment, P.L.1992, c.10)[.]

16 e. The State Auditor shall provide for a unified annual audit of  
17 expenditures from the "Special Transportation Fund," established  
18 by section 21 of P.L.1984, c.73 (C.27:1B-21), in order to determine  
19 that these funds are expended for costs eligible for funding from the  
20 authority and in a manner consistent with appropriations made by  
21 the Legislature. The findings of such audits shall be transmitted to  
22 the presiding officer of each House of the Legislature, and to the  
23 Chair of the Senate Budget and Appropriations Committee, the  
24 Senate Transportation Committee, the Assembly Appropriations  
25 Committee, and the Assembly Transportation and Independent  
26 Authorities Committee or their successors.

27 f. The State Auditor shall review bond issuances of the  
28 authority and report to the Joint Budget Oversight Committee and  
29 to the members of the Senate Budget and Appropriations  
30 Committee and the Assembly Appropriations Committee, or their  
31 successors, on the status of the bonds of the authority and projects  
32 financed from the proceeds of the bonds. The report shall include  
33 the investment status of all unexpended bond proceeds and provide  
34 a description of any bond issues expected during a fiscal year,  
35 including type of issue, estimated amount of bonds to be issued and  
36 the expected month of sale.

37 g. For the fiscal year beginning on July 1, 2017 and every  
38 fiscal year thereafter, any amount authorized to be appropriated  
39 from the revenues and other nonfederal funds of the New Jersey  
40 Transportation Trust Fund Authority for the projects listed in the  
41 appropriations act pursuant to section 21 of P.L.1984,  
42 c.73 (C.27:1B-21) shall have an identified source of funding to  
43 support that appropriation, including but not limited to an unused  
44 amount of bonding authorization or a statutorily dedicated source of  
45 annual revenue that has not already been pledged for another  
46 purpose.

47 (cf: P.L.2016, c.56, s.5)



1       3. This act shall take effect immediately.

2

3

4

STATEMENT

5

6       This bill amends the “New Jersey Transportation Trust Fund  
7 Authority Act of 1984” to require more responsible borrowing.

8       This bill requires that the Transportation Trust Fund Authority  
9 (authority) to structure the debt service payments on bonds that it  
10 issues on or after the bill’s effective date so that the bond will be  
11 repaid over a time period concurrent with the expected useful life of  
12 a project to be funded by the bond proceeds, or 31 years, whichever  
13 is shorter when a project is constructed with the proceeds of  
14 authority bonding.

15       The bill also requires that the net amount of any reduction in  
16 debt service payments from the issuance of refunding bonds is to be  
17 accompanied by an equivalent increase in appropriations for the  
18 retirement of existing authority debt.

19       The bill prevents the appropriation of authority revenues and  
20 other funds for capital projects unless there is an identified source  
21 of funding available to support those projects. Under the bill, the  
22 authority is able to use, for example, any unused bonding authority  
23 to support the project, but could not use a statutorily dedicated  
24 source of revenue already pledged for another purpose, such as debt  
25 service of previously issued bonds.